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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
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## TEXAS COTTON ASSOCIATION PLANNING FINAL PAYMENT

Efforts are being made by the Texas Farm Bureau Cotton Association, Dallas, to complete the distribution of all checks and statements for 1926 cotton by April 30. In some counties where deliveries were heaviest, plans are being made to hold county-wide meetings and distribute the checks to the members personally. In other sections the checks will be mailed to members as in the past. Tentative plans for the meetings include a careful and thorough explanation of the final statement.

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## SALES BY NORTH CAROLINA COTTON ASSOCIATION

A report by the sales manager of the North Carolina Cotton Growers' Association, Raleigh, up to February 22, 1927, covers 148 transactions, including 175 lots of cotton. These sales varied in size from one bale to 2,000 bales. There were 33 lots of cotton including less than 100 bales each, 41 lots of 100 bales each, 23 lots of 200 bales, 16 lots of 300 bales, 33 lots of 500 bales, 7 lots of 1,000 bales, and 3 lots of more than 1,000 bales.

The sales began on September 9, 1926, with 100 bales which sold at 18.02 cents a pound. The lowest price recorded for any of the sales was 9.5 cents a pound for two lots of 200 bales each, sold on January 5 and 6. The total quantity included in the 148 sales was 50,862 bales.

Estimates made in March by the classing department of the association indicate that the members will receive about \$342,000 this year in premiums because of length of staple and high grade. Forty-three per cent of the cotton delivered, it is stated, is of extra length staple, running above seven-eighths of an inch. Four per cent is better than one inch in length. Premiums because of length of the cotton delivered are estimated at \$213,000. More than 40 per cent of the cotton so far classed has graded better than middling. Premiums because of high grade are estimated at \$124,000.

The management of the association points out that "any member who will take the pains to grow a better type of cotton is assured of the premium which the better cotton deserves."

### CALIFORNIA FRESH FIG GROWERS ORGANIZING

The California Fig Exchange has been formed as a cooperative nonprofit organization for the purpose of developing markets for fresh figs. It is proposed to standardize the product to be marketed as to quality, pack and containers, to reduce the costs of picking, packing and shipping, and through systematic efforts to develop new markets. All fig growers are being urged to become members of the organization, and to use its marketing facilities. In some sections of the fig producing area, efforts are being made to organize the growers into local units.

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### FLORIDA POTATO GROWERS BUILD NEW OFFICE

A handsome new building, erected and equipped at a cost of \$40,000 by the Hastings Potato Growers' Association, Hastings, Fla., was formally opened for business at a membership meeting on March 21. A special illustrated edition of the local paper was issued in connection with the event. The new office of the association is a two story structure of hollow tile, with stucco finish, and is designed and fully equipped for convenience in handling the business of the potato growers.

The association was organized in 1922 with 62 members and without any capital. The season of 1923 was the first of operation. At present the membership stands at 167 and the treasury contains a reserve of more than \$200,000, built up through savings in the purchase of seed and fertilizer, and in selling the crops. Reports of the association state that "it has been very successful in both cooperative buying and selling."

The system of pooling shipments has proved satisfactory to the membership of the association. Daily shipments of potatoes are pooled.

Below are given figures showing the acreage and number of cars shipped each of the years of operation:

Year	Number of members	Number of acres signed up	Number of cars shipped
1923	62	2,702	605
1924	--	4,647	1,105
1925	--	4,989	1,211
1926	--	5,039	1,453
1927	167	6,781	-----

(See also Agricultural Cooperation, April 23, 1923, p. 15; and August 2, 1926, p. 319.)

### APRICOT GROWERS RECEIVE FINAL SETTLEMENT

Final settlement for the 1926 apricot crop has been made by the California Prune and Apricot Growers' Association, San Jose, as of January 31, 1927. The net income from the sale of fruit was \$1,195,626 and the income from the sale of pits was \$56,741. Expenses connected with the marketing of the fruit and the pits were: fruit, \$118,363; pits, \$5,051. The growers' share of the fruit sales amounted to \$1,077,263, and the growers' share of the pit sales to \$51,689, making a total credit to growers of \$1,128,952. Deductions were made from growers' credits for the Sunsweet Standard, for association allowance of 3 per cent, and for the retirement of preferred stock of the Growers' Packing and Warehousing Association, Inc., for which common stock was issued to the grower members. These deductions amounted to \$50,283.

As advance payments had been made to growers for both fruit and pits, the final payments covered only the balances due. These amounted to \$246,494.

The percentage distribution of the net income from fruit and pits was as follows:

	Fruit		Pits	
	(Per cent)	(Per cent)	(Per cent)	(Per cent)
Net income		100.00		100.00
Expenses:		9.89		8.90
Receiving charges	4.94		7.30	
Carrying charges	.18		.03	
Selling charges	2.95		---	
Miscellaneous	1.82		1.57	
Growers' Equity:		90.11		91.10
Deductions*	4.01		4.22	
Paid growers	86.10		86.88	

\* Deductions include 3 per cent association allowance, deduction for retirement of preferred stock of the Growers' Packing and Warehousing Association, Inc., and deduction for the Sunsweet Standard.

Net sales were determined after allowance had been made for the carry over from the preceding season and the carry over to the 1927 crop.

# WASHINGTON ASSOCIATION MARKETS FRUITS AND VEGETABLES

Sales by the Three Rivers Growers' Association, Kennewick, Wash., were \$264,365 for the business year ending September 20, 1926. This total was the f.o.b. value of 93,562 boxes of asparagus; 13,273 crates of strawberries; 5,550 boxes of cherries; 87,714 pounds of peas; 255 crates of lettuce and 5,064,000 pounds of potatoes. Of the f.o.b. net sales, the growers received \$228,935 or 86.6 per cent.

The quantities of products marketed, the net f.o.b. sales, total payments to growers, and percentage paid to growers for each of the past four years are as follows:

## 1923

	Quantity	F.o.b. receipts	Net to growers	Per cent to growers
Asparagus	(Boxes) 20,204	\$ 30,825	\$ 27,239	88.4
Strawberries	(Crates) 47,897	150,780	128,367	85.1
Potatoes	(Pounds) 2,356,000	37,478	31,398	83.8
Total		\$219,083	\$187,004	85.4

## 1924

Asparagus	(Boxes) 28,552	\$ 45,515	\$ 40,657	89.3
Strawberries	(Crates) 4,120	11,733	10,398	88.6
Potatoes	(Pounds) 3,008,047	49,886	43,727	87.7
Total		\$107,134	\$ 94,782	88.5

## 1925

Asparagus	(Boxes) 51,650	\$ 64,341	\$ 55,064	85.6
Strawberries	(Crates) 9,603	37,608	34,431	91.6
Potatoes	(Pounds) 3,032,196	59,883	53,098	88.7
Total		\$161,832	\$142,593	88.1

## 1926

Asparagus	(Boxes) 93,562	\$129,537	\$111,315	85.9
Strawberries	(Crates) 13,273	48,349	44,102	91.2
Potatoes	(Pounds) 5,064,000	72,255	61,505	85.1
Cherries	(Boxes) 5,550	9,966	8,819	88.5
Peas	(Pounds) 87,714	4,041	3,042	75.3
Lettuce	(Crates) 255	217	152	70.0
Total		\$264,365	\$228,935	86.6

The association controls from 70 to 75 per cent of the asparagus acreage in the Kennewick section. Cherries were handled by the association for the first time in 1926.

INTERNATIONAL WHEAT POOL CONFERENCE ISSUES PROGRAM

Plans are maturing for the second International Wheat Pool Conference to be held in Kansas City, Mo., May 5 to 7, and the tentative program has been issued. Representatives are expected from the following wheat pools of the United States: Texas, Oklahoma, Kansas, Colorado, Nebraska, North Dakota, South Dakota, Minnesota, and Indiana; also from the Canadian pools of Saskatchewan, Alberta, Manitoba, and the newly organized group of Ontario; from the three pools of Australia; from the International Institute of Agriculture at Rome; and from Russia, Sweden, Italy, Poland, India, New Zealand, and Argentina.

The three-day meeting will be preceded by two other gatherings. On May 3 the pool editors and publicity representatives will meet with the executive committee of the International Wheat Pool Conference, and on May 4, the National Wheat Pool organization of the nine wheat pool states of this country will hold its annual meeting.

The first meeting of the International Wheat Pool Conference was held in St. Paul, Minn., February 15, 1926.

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FARMERS' ELEVATORS IN NORTH DAKOTA

A recent study of farmers' elevators in North Dakota, made by the North Dakota Agricultural College, states that there are over 500 country elevators owned and controlled by farmers in the state. It is estimated that these elevators handle from 50,000,000 to 100,000,000 bushels of grain annually, according to the size of the crops. The average amount of business, based upon data from a large number of audits extending over the seven year period, 1919 to 1925, was \$178,500. The total average annual business is estimated at \$90,000,000.

Data from 223 elevators indicate that about 60 per cent of the farmers' elevators in the state are cooperative and about 40 per cent are not cooperative. As 29 per cent of the elevators in the state are farmers' elevators, it appears that the cooperative elevators constitute about 18 per cent of all the elevators. It is estimated that 51 per cent of the total number are line elevators.

The information collected indicates that the average number of shareholder and nonshareholder patrons was 163 per elevator for the cooperative enterprises, compared with 122 for the noncooperative elevators.

More than 75 per cent of the farmers' elevators of the state handle side lines, the most common of which are coal, wood, twine, seeds, flour, feed, lumber, and machinery. Coal and wood are found to be the most profitable, and lumber and machinery the least profitable. Side lines are responsible for about 8 per cent of the net income of farmers' elevators.

### BIG INTERIM PAYMENT FOR CANADIAN WHEAT GROWERS

Twenty-seven million dollars was distributed to members of the three Canadian wheat pools, on March 9, by the Canadian Cooperative Wheat Producers, Ltd., Winnipeg, Man., the selling agency for the Manitoba, Saskatchewan and Alberta pools. Fifteen cents a bushel was paid on all grades of wheat and 20 cents on durum. Eight cents was paid for oats and barley, 12 cents for rye, and 20 cents for flax of all grades. Saskatchewan's share was approximately \$17,700,000, and Alberta's something over \$6,000,000.

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### LOW COST OF OPERATION FOR KANSAS ELEVATOR

The Fowler Equity Exchange, Fowler, Kans., had a net worth on December 31, 1926, of \$147,996. Of this amount \$27,200 was surplus and \$49,431 net earnings for the year 1926.

The association was organized in 1910 for the purpose of marketing farmers' grain cooperatively. Its membership in 1919 was 108. During the year 1926 it received 852,6000 bushels of wheat and its total volume of business for the year, measured in dollars, was \$1,065,498. Corn, coal oil and general merchandise were handled as well as wheat. The cost of handling the year's business is given in the annual report as \$16,813.

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### SERVICE COMPANY HAS REFUNDED NEARLY HALF MILLION

Refunds made by the Ohio Farm Bureau Service Company, Columbus, since it began operations in 1923, are approaching the half million mark. Figures for the several years are as follows:

Year	Patronage refunds made		
	Fertilizer	Feed	Grain
1923	\$ 70,000	-----	-----
1924	108,000	\$16,000	-----
1925	119,000	32,000	-----
1926	100,000	27,000	\$1,783

Grain was handled for farmers' elevators for the first time in 1926 by the Service Company. Eighteen elevators availed themselves of the service offered. The dividend is figured on the basis of one-fourth of one cent per bushel for 713,423 bushels of grain handled from the date of agreement to December 31, 1926.

### CALIFORNIA MILK PRODUCERS ACCUMULATING CAPITAL

Since 1917 the value of the milk marketed through the California Milk Producers' Association, Los Angeles, has increased from about \$500,000 to more than \$5,400,000. When first organized this association was principally a price bargaining organization but about 1920 it began accumulating capital for the control of milk distributing facilities. To-day its creamery purchase fund shows a net worth of \$351,960. This capital makes it possible for the association to control a company operating a plant for the retail distribution of milk in the city of Los Angeles.

The value of the milk handled for the various years since 1917 is shown by the figures below, also the net worth of the creamery purchase fund since 1921:

Year	Milk handled	Value of milk handled	Creamery purchase fund net worth
	(Pounds)		
1917	20,201,077	\$ 521,611	-----
1918	31,147,617	1,287,037	-----
1919	42,352,800	1,800,562	-----
1920	61,965,621	2,985,404	-----
1921	87,140,065	3,201,137	\$117,770
1922	-----	3,683,401	-----
1923	-----	5,027,028	238,226
1924	-----	5,819,853	236,609
1925	-----	5,750,032	292,090
1926	-----	5,484,075	351,960

In addition to engaging in the retail distribution of milk the association through a subsidiary, the Dairymen's Feed & Supply Co., assists its members in obtaining their supplies.

The cost of handling surplus milk was reduced from \$376,278 for 1925 to \$120,972 for 1926. The surplus milk cost arises from the excess supply of fluid milk during the flush season over current demands. This surplus is manufactured and the lower price received for the manufactured product as compared with the price received for fluid milk, reduces the average price for the entire membership. Efforts are being made to adjust the daily supply to the daily needs.

DAIRYMEN'S LEAGUE CERTIFICATES OF INDEBTEDNESS DUE

More than two and one-half million dollars will be distributed on May 1, 1927, to members of the Dairymen's League Cooperative Association, Inc., New York City, in principal and interest on certificates of indebtedness. Series "A" certificates, issued April 1, 1922, and falling due on May 1, amount to approximately \$1,826,963 in principal, and \$109,669 in interest. In addition to this one interest coupon of each of the other four series of certificates is payable on the same date, as well as the final payment on all term and series issues made prior to April 1, 1922, bringing the gross amount of the distribution in principal and interest to \$2,508,638.

The original issue of Series "A", as of April 1, 1922, was approximately 72,000 certificates with an aggregate value of \$4,307,060. By offering to purchase these certificates at a little below par in 1924 and again in 1926, the League relieved certain members who were in need of funds and also reduced the liability for this issue to the present figure, \$1,826,893. This action also reduced the amount of interest to be met and stabilized the value of the certificates.

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IRISH DAIRY INDUSTRY TO BE REVIVED

A constructive plan for the reorganization of Irish dairying along cooperative lines, has been prepared by the Minister of Agriculture and the work has been started. The plan as outlined by the Minister of Agriculture, speaking before the Dail, is summarized in the March 26 number of the Irish Statesman. Following "a most masterly and intimate diagnosis of past and existing circumstances," the Minister stated that he proposed to buy out at a fair price already agreed upon, the large proprietary creameries, leaving the dairy farmers of the Free State in complete control of their industry. Those creameries which are not needed will be dismantled and those remaining will be transferred to cooperative societies which will have to furnish something over \$700,000 toward the cost of closing the superfluous establishments, while the Government will furnish about \$200,000. It is estimated that the saving to the farmers in closing part of the creameries will amount to about \$175,000 a year, which will pay off the debt in a few years.

It is proposed to enact legislation to ensure that all suppliers of creameries are shareholders and that a substantial part of the share capital is paid up. The new organizations are to be made worthy of credit so that the Agricultural Credit Corporation can deal with them on a business basis. Dairy societies will be permitted to organize only where they are needed and they will be required to be affiliated with a central union, and to have their accounts audited regularly. Another feature is that a federation for marketing purposes must be established by the organized farmers themselves.

MINNESOTA EGG AND POULTRY UNIT REPORTS

An income of \$103,896 is reported by the Cooperative Egg and Poultry Producers' Association, Aitkin, Minn., for the year ending December 31, 1926. Egg sales amounted to \$32,328; poultry sales to \$16,286; and feed sales to \$54,881. A loss of \$1,232 was incurred in handling eggs and poultry but a net gain of \$3,417 was made in connection with the sale of feed.

Total receipts of farm products were, 105,462 dozens of eggs, 72,665 pounds of live poultry and 7,125 pounds of dressed poultry. More than 57 per cent of the eggs received were graded as extras and brought the producer 27.2 cents a dozen.

This association is one of the units of the Lake Region Cooperative Egg and Poultry Exchange, a sales agency located at St. Paul.

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CANADIAN ASSOCIATION PLANS TO SELL MORE POULTRY

Fewer eggs but more pounds of poultry were handled by the Prince Edward Island Cooperative Egg and Poultry Association, Charlottetown, P. E. I., during 1926 than in 1925, according to a recent consular report. The decrease in the number of eggs handled was due to unfavorable weather conditions. Farmers received an average of 30 cents a dozen for eggs. Shipments of live poultry were increased to the extent of 5,000 hens and a large quantity of dressed poultry was handled to such an advantage that it is proposed to increase materially this line the coming year.

It is estimated that about 50 per cent of the egg and poultry business of the island is handled by this association.

Available figures regarding the operations of this association are given in the table below:

Year	Eggs handled	Baby chicks	Exports to U. S.	
			Eggs	Live poultry
	(Dozen)		(Dozen)	(Pounds)
1922	848,592	-----	252,530	116,298
1923	780,593	-----	104,120	153,666
1924	1,090,000	18,000	106,940	100,060
1925	1,205,000	30,000	53,270	75,878
1926	1,135,000	-----	45,300	146,000

### CANADIAN WOOL COOPERATIVE MEETS IN THE WEST

Reports made at the annual meeting of the Canadian Cooperative Wool Producers' Association, Ltd., Toronto, Ont., which meeting was held at Lethbridge, Alberta, in April, indicate that 3,905,844 pounds of wool of the 1926 clip and 10,902 pounds of pelts were received by the association during the past year. Forty per cent of the wool was received from six local associations in Alberta. The next largest quantity was forwarded to the association by wool producers of Ontario. The quantities received from the different provinces, with the percentage which each quantity was of the total, are shown below:

Province	Number of locals	Pounds delivered	Per cent of total
Alberta	6	1,805,742	46.3
Ontario		779,316	20.0
Manitoba and Saskatchewan	2	772,498	19.8
British Columbia	1	228,544	5.8
Quebec		106,947	2.7
Nova Scotia	2	66,956	1.7
Prince Edward Island		29,619	.8
New Brunswick		18,922	.5
Sundry		95,300	2.4
Total		3,903,844	100.00

In addition to the wool of the 1926 clip received, the association carried over from the preceding year 325,766 pounds of 1925 wool. During the business year a total of 2,982,171 pounds of wool was sold, leaving 1,247,439 pounds of unsold wool to be carried into the 1927 business year. Sales during the past year amounted to \$726,377. Producers and producers' associations were credited with \$712,994, less commissions of \$76,328 for handling. The income of the association included besides commissions net margins as follows: wool rejects, etc., sold, \$13,383; sacks, bales and twine, \$1,611; stockmen's supplies, \$3,908; manufactured woollens, \$5,712.

The net income for the year after meeting expenses of \$93,374 was \$10,723. A dividend of \$8,148 on paid-up capital stock, as of December 31, was declared.

On December 31, 1926, the association had a net worth of \$189,264. Of this, \$105,477 was outstanding capital stock and \$5,638 was surplus.

### MICHIGAN SOCIETY CONDUCTS SEVEN STORES

'One of the largest cooperative store societies in the United States is the Soo Cooperative Mercantile Association, Sault St. Marie, Mich., established in 1913. The early years of the society were difficult and a substantial footing was secured only after experience had pointed the way.

An unusual feature of this society is that it is successfully conducting seven branches in a city of 13,000 inhabitants, and an eighth is to be opened immediately to meet the needs of consumers in another district. Five of the stores handle only groceries, one sells meat also, and one is a bakery.

Sales in 1926 were \$590,707 and patronage refunds for the year amounted to \$33,968. The membership now numbers 490.

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### CANADIAN STORE COMPANY REPORTS HEAVY SALES

A turnover of \$781,320 in the six months ending February 3, 1927, is reported by the British-Canadian Cooperative Society, Ltd., of Sydney Mines and Glace Bay, Cape Breton, Canada. This amount was an increase of \$107,400 over the sales of the corresponding period of the previous year.

According to the report of the board of directors for the 82d quarter, the company has share and loan investments to the amount of \$264,829, distributed among the various stores as follows:

Central store, Sydney Mines .....	\$132,002
Branch No. 1, Florence.....	19,596
Branch No. 2, Cranberry.....	6,064
Branch No. 3, North Sydney.....	7,925
Branch No. 4, Glace Bay.....	99,241

The trading surplus for the half year amounted to \$82,849. After making allowance for interim dividends and other liabilities, there was a disposable surplus for the 82d quarter of \$47,293. From this the members were paid a 10 per cent dividend on purchases for the quarter, amounting to \$39,871; nonmembers received a 5 per cent dividend, \$265; \$3,000 was carried to the reserve fund, \$500 to the educational fund; and \$3,657 was carried forward.

This organization which serves the miners of that section is preparing to celebrate its twenty-first birthday this year. The principal events of the celebration will occur from July 5 to 8 inclusive.

In the six months 264 new members were added to the lists and 233 withdrew or were dropped, leaving the membership at 3,044.

### COOPERATION IN MADRAS PRESIDENCY, INDIA

A list of the cooperative institutions affiliated with the Madras Provincial Cooperative Union, Ltd., Royapettah, Madras, prepared under date of March 15, 1927, includes the names of 222 organizations. Among these are the Madras Central Urban Bank, the Central Cooperative Printing Works, 20 central banks and banking unions, 9 district federations, 144 local supervising unions, 7 trade unions, and 40 nonagricultural societies.

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### GREEK GOVERNMENT AIDS COOPERATIVES

Greece has two kinds of cooperative associations, agricultural and urban, according to a recent consular report. On June 30, 1926, the total number of cooperatives in the country was 5,103, of which 4,060 were agricultural and 1,043 were urban, classified as follows:

Kind of association	Agricultural	Urban
Credit	3,081	36
Supplying	201	60
Sales	252	—
Producing	190	545
Consuming	—	111
Building	—	279
Miscellaneous	336	10
Total	4,060	1,043

The largest numbers of the sales associations handle raisins, tobacco and olives, while the list of productive associations is headed by olive oil, wine and dairy groups.

Previous to 1914 there was very little cooperative activity in Greece. In December, 1914, a cooperative law was enacted, and since that time the Government, through the Ministry of Agriculture, has taken great interest in encouraging and supporting the cooperative movement. General supervision and control of the associations is maintained. The report states that "The idea of mutual help and liability among the members of the associations is day by day improving, without, however, yet having reached the desired level, with good prospects for the future."

## RESPONSIBILITIES AND LIABILITIES OF DIRECTORS

A director of a cooperative association normally occupies a position of responsibility and liability. This arises from the fact that the corporate powers of an association are in its directors, that is, the directors of an association collectively and primarily possess all the powers that the association has under the law. It is true that these powers are executed by the officers, agents and employees of the association, but the "constitution" for their acts is the board of directors. They determine, either expressly or by implication, directly or indirectly, the acts, plans and methods to be performed or followed by the officers, agents and employees of the association.

It is the function and the duty of directors of an association to direct and supervise in a fundamental way the activities of the association. Negligence on the part of a director in the discharge of his duties with respect to the management and conduct of the association may render him liable on account thereof. The directors of an association are not insurers of its success, but they must exercise fidelity and reasonable care in conducting the business.

One of the first propositions confronting directors is the matter of compensation for themselves. Unless the statute under which an association is formed, its articles of incorporation, or a by-law authorizes directors to fix their salaries or determine their compensation, they do not have such authority. It is possessed by the members of the association.

Both the directors and the officers of a corporation are presumed to act without compensation in performing the duties of their offices, unless provision for compensating them has been made. But if any of them are working regularly for the association with respect to matters not involving their duties as directors or officers, it will be assumed that reasonable compensation will be made by the association for such services.

In order to bind an association, the board of directors must act at a regular or a special meeting called for the purpose. In other words, the rule is established that in matters affecting the property or policies, or involving the exercise of discretion, the directors can bind the association only when acting in a properly convened meeting of the board. A majority of them acting as individual directors, or in a "board meeting" illegal for any reason, can not bind the association. Action by directors at an illegal board meeting may be adopted and ratified at a later legal meeting of the board, but directors who were not notified of a board meeting can not later, as individuals, waive the failure to give notice or concur in the action taken, at the illegal meeting so as to bind the association. If a director has notice and fails to attend a board meeting, his absence does not affect action taken, provided that a qualified quorum was present.

A quorum of the board of directors of an association at common law and in the absence of a statutory charter, or by-law provision changing the rule, is a majority of the directors of the association who are not personally interested in the subject before the board. If a majority of qualified directors, or the number, if any, specified in the statute, the charter, or the by-laws, do not attend a duly called board meeting, any business transacted by the minority at such meeting is void. Directors can not vote by proxy, but if a qualified quorum is present at a properly convened board meeting, a majority thereof at common law may exercise any powers vested in the board of directors. All of the directors constituting a quorum must be qualified to act. If one of the directors whose presence is necessary to constitute a quorum or whose vote is necessary to constitute a majority of a quorum, is disqualified by reason of his personal interest, any act done by the body is at least voidable. Therefore, if a resolution is adopted on a vote of interested directors, the resolution is voidable at the option of the association if timely action is taken with respect thereto.

In some jurisdictions, if a member of a board of directors votes upon a proposition which is adopted in which he has a personal interest, the action of the board may be set aside by the association, although the resolution apparently would have been adopted without the vote of the interested director.

If a director acts in a matter in which he has a personal interest, the court will not pause to inquire whether the director acted fairly or unfairly; being interested in the subject matter, the courts hold that he may not as a director deal with himself and thus be subjected to the temptation to advance his own interest. Directors and officers of any corporation, cooperative or otherwise, may be compelled to account for any gifts, gratuities or bonuses received by them from persons with whom the association is or may be having business relations. The object of this rule like the others akin thereto, is to enable corporations to have the "judicial judgment" of their directors free from any suggestion of bias other than the welfare of the organization.

In many, if not all, of the states, the state constitution or state statutes impose liabilities upon directors. For instance, in some states, if the directors of an association fail to file a report required by a statute, they are personally liable to creditors. Directors of cooperative associations should ascertain the duties and liabilities imposed upon them and should govern their actions accordingly. In this connection it is not sufficient ordinarily simply to examine the cooperative statute of the state, but the constitution and general statutes of the state should be carefully examined.

Aside from the liability imposed by statutes as indicated above, directors may render themselves liable through inattention to, or neglect of, the business of the association.

L. S. Hulbert.

SOME COOPERATIVES ARE EXEMPT FROM INCOME TAXES

A cooperative association of producers, in order to be exempt from the payment of income taxes, must meet the conditions specified in the exemption language with respect to such associations in the revenue act of 1926. The officers of some associations apparently are under the impression that the exemption language permits them to do as much business with nonmembers as is done with members, and to retain the profits accruing on the nonmember business. This is incorrect. If an association is operating as a dealer with respect to nonmembers, it is at least taxable on the profits accruing from doing business with nonmembers.

The following language appearing in the exemption provision with respect to cooperative associations frequently appears to be overlooked:

Farmers', fruit growers', or like associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses....

Particular attention is called to the underscored language in the quotation with respect to turning back to "members or other producers" or turning over supplies and equipment to "members or other persons" at actual cost, plus necessary expenses.

Some associations credit the nonmember patron with the amount of the earnings accruing on his business on a share of stock, and in this way qualify for exemption under the revenue act. Of course, an association could apply the earnings accruing on the business of a nonmember on the payment of a membership fee in the association and in this way qualify for exemption.

Cooperative associations are not required to pay income taxes on refunds or patronage dividends paid to members of an association on account of business done by them with the association. However, the amount paid by an association as dividends on its capital stock would be taxable, also sums carried by it to reserves would apparently be taxable; and in addition, if the association did business with nonmembers as a dealer, profits from this source would be taxable.

(See also Agricultural Cooperation, June 22, 1925, p. 267; November 8, 1926, p. 455.)

L. S. Huibert.

### COOPERATIVE MARKETING AND PURCHASING IN MICHIGAN

There are approximately 500 local cooperative associations in Michigan, according to preliminary figures based on a recent study made under the auspices of the Michigan State College. Included in the total are about 140 livestock shipping associations, 130 associations engaged in marketing grain, more than 100 associations marketing fruits or vegetables, about 70 marketing dairy products, and 40 associations, operating cooperative stores. These associations were serving about 90,000 shareholders and members, and about 60,000 nonmembers.

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### MARKETING A MAJOR PROJECT OF ALABAMA INSTITUTE

For several years marketing has been a major project at the Alabama Polytechnic Institute, Auburn. As cooperative marketing has been found by tests and experience a satisfactory way to market farm products, that method is urged by the representatives of the college. Some of the marketing work has been done by state organizations and some by county and local societies, the Institute cooperating to the extent which seemed advisable.

A summary of the products marketed cooperatively in the state, as reported by the college representatives, is as follows:

<u>Produce</u>	<u>Value</u>	<u>Produce</u>	<u>Value</u>
cotton.....	\$9,000,000	Livestock, misc. ....	\$55,820
Hogs.....	274,971	Poultry, misc. ....	2,075
Hay.....	30,004	Corn.....	1,525
Wool.....	65,500	Feed.....	1,275
Turkeys.....	48,787	Sweet potatoes.....	912
Seeds.....	43,284	Honey.....	72
Lambs.....	18,824	Total .....	\$9,593,049

Cooperative buying of a limited number of supplies essential to the production of crops is also encouraged, and the following supplies have been bought by the farmers through their own organization with the advice of the county agents and other extension workers:

<u>Supplies</u>	<u>Value</u>	<u>Supplies</u>	<u>Value</u>
Fertilizers .....	\$2,344,813	Fruit trees.....	\$4,575
Seeds .....	177,351	Baling wire.....	1,320
Poisons .....	26,000	Machinery.....	928
Pyrotol .....	23,412	Potato plants.....	44
Sacks and crates..	19,600	Miscellaneous .....	2,175
Feeds .....	16,766	Total .....	\$2,625,899
Livestock .....	8,915		

## COOPERATION IN VOCATIONAL AGRICULTURAL HIGH SCHOOLS

The extent to which cooperative marketing is taught in the vocational agricultural high schools of the United States, is the basis of a study recently undertaken by the Division of Cooperative Marketing. The object of the study is to become familiar with the problems and viewpoints of the teachers in order that the Division may render service in furthering the teaching of cooperative marketing principles and practices in the elementary schools.

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## DAIRY INTERESTS CONDUCT EDUCATIONAL PROGRAM

Many meetings have been held during the past few weeks by the Inter-State Milk Producers' Association, in cooperation with the Inter-State Dairy Council, both of Philadelphia, Pa. These meetings are planned to be educational as well as entertaining, and the programs often include brief addresses by local speakers as well as by members of the producers' association and the Dairy Council. Plays, motion pictures and discussions are also featured. The aim of these meetings is to encourage the production of better milk and to acquaint producers with the efforts being made to increase the consumption of the product.

In addition to the meetings the publicity program of the Dairy Council includes exhibits of various kinds, newspaper publicity, magazine articles, and distribution of literature.

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## EVENING CLASS IN COOPERATIVE MARKETING IN CO. ORADO

An evening class in cooperative marketing was held the first two weeks in February at the Greeley High School, Greeley, Colo. The participating agencies were the Greeley High School, the Department of Vocational Education, the State Agricultural College, and several cooperative marketing associations.

The object of the course was "to familiarize farmers with the fundamental principles of cooperation, the general structure or business make-up, and the actual operation of marketing associations." In order to insure success in this venture into the unexplored field of adult evening classes, instructors were secured who were actively connected with successful associations. The classes were attended largely by farm leaders in the vicinity of Greeley. Twenty-seven men attended three or more meetings, and were thereby entitled to enrollment in the class. A local paper gave unusual publicity, having a representative at each meeting and publishing daily news stories.

### REPORTED BY THE ASSOCIATIONS

Cotton grading schools for the purpose of teaching cotton growers the relative value of different grades, have been held in the cotton producing sections of North Carolina under the auspices of the North Carolina Cotton Growers' Cooperative Association and the State College of Agriculture.

Poultry raisers and would-be poultry raisers of Arizona are taking steps to form a cooperative association to improve their products and market them to better advantage. A preliminary meeting held recently was attended by producers with a yearly production of approximately 30,000 cases of eggs.

A special concentration rate for wool in less than car loads has been secured for producers by the National Wool Exchange, Helena, Mont., on several railroad lines and their branches. This rate is for wool to be concentrated into carlots at Fargo, N. D., or Aberdeen, S. D., for shipment to the Exchange at Boston.

At the second annual meeting of the Pure Milk Association, held in Chicago, March 15, the by-laws of the association were amended to provide for increasing the number of directors from 9 to 15. It was announced at the meeting that 1,886 marketing contracts had been signed by milk producers in the territory supplying Chicago.

At the close of its first year's business, April 13, 1927, the Farm Bureau Automobile Insurance Company, Columbus, Ohio, had 8,000 policies in force, and had resources of more than \$150,000. Fifty-six per cent of the policy holders carry fire and theft insurance; 68 per cent carry collision insurance; and 95 per cent, liability and property damage.

Plans have been made by the Nebraska Wheat Growers' Association, Hastings, Nebr., to take advantage of the presence of Canadian poolers and leaders of state wheat pools en route to attend the International Wheat Pool Conference in Kansas City, and hold a two-day school at Hastings, April 27 and 28, following the annual meeting of the Nebraska Wheat Growers' Association on April 26.

More than 11,000,000 pounds of Burley tobacco has been sold for foreign trade since the Burley Tobacco Growers' Cooperative Association, Lexington, Ky., established a European office in Brussels. None of the buyers of this tobacco had ever bought from the association before, according to a statement of the management. A sale of 800 hogsheads was made recently, representing approximately 850,000 pounds.

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- Erdman, H. E. Is the Spread Between Producer and Consumer in the Case of Deciduous Fruits Justified? *The Blue Anchor*, Sacramento, Calif., January, 1927, p. 6.
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